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July 12, 2018

**VIA ELECTRONIC FILING**

Mr. F. David Butler, Esquire  
Public Service Commission of South Carolina  
101 Executive Center Drive, Suite 100  
Columbia, SC 29210

RE: Annual Review of Base Rates for Fuel Costs for South Carolina Electric  
& Gas Company  
Docket No. 2019-2-E

Dear Mr. Butler:

Thank you for the opportunity to comment on the proposed schedule set forth in Order No. 2018-75-H in the above-referenced docket. South Carolina Electric & Gas Company ("SCE&G" or "Company") appreciates the Commission's decision to more closely coordinate the deadlines in SCE&G's Integrated Resource Plan ("IRP") and fuel proceeding dockets and to allow the parties more time to conduct a thorough and robust discovery process. However, SCE&G does not believe the January 8, 2019 deadline for filing both the Company's 2019 IRP and the Company's annual fuel proceeding direct testimony is feasible. The Company addresses its concerns with the proposed deadline for each of the filings in turn.

**The IRP Filing Deadline**

With respect to the Company's 2019 IRP, SCE&G does not believe that the January 8 filing date is workable or achievable.

First, SCE&G has begun its annual budgeting process which includes the forecast of the number of customers and their kWh consumption. The process of projecting the Company's load profiles and peak demand forecasts will follow the budget process; however, these updated peak demand forecasts will not be available until late September at the earliest. The Company then must update its analysis of the impact of the additional solar capacity that has come online as well as revisit its reserve margin policy. It will be late October or November before the Company can begin running scenarios to develop the resource plan. This work will take at least a

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month and its conclusions must be reviewed internally by management and affected departments before being reduced to writing in the IRP document itself.

Second, many of the same staff that work on the IRP development also calculate the Company's avoided costs, develop fuel cost runs and write testimony for the fuel hearing. Even with the schedule as it exists today (i.e., filing the IRP by February 28), resources are stretched early in the year to ensure a timely filing. Additionally, some of this staff will be involved in the nuclear hearing scheduled for November 1, 2018, under Docket No. 2017-370-E. If there is considerable discovery, the 2019 IRP development may be delayed.

Third, the IRP takes several months to prepare and requires coordination among approximately 30 different individuals in the Company. Because of its importance, the IRP, once written, must be reviewed internally. This is a process that usually requires three additional weeks after development and drafting are complete.

With these concerns in mind, the earliest that SCE&G could file its 2019 IRP is February 8, 2019. And, to file the IRP at that time, SCE&G would necessarily have to scale back its 2019 IRP to include only the specific requirements of S.C. Code Ann. § 58-37-40 and Commission Order Nos. 98-502 and 2018-429.

### **SCE&G's Annual Fuel Proceeding Direct Testimony Filing Deadline**

SCE&G likewise does not believe that the proposed January 8, 2019 deadline for the filing of the Company's direct testimony in its annual fuel proceeding is practicable.

SCE&G notes that the current Review Period for SCE&G's annual fuel proceeding begins on January 1 and ends on December 31. As such, it is impractical to require the submittal of SCE&G's direct testimony in the fuel proceeding on January 8, just eight (8) days after the close of the Review Period. It would be impossible for any testimony filed by SCE&G on January 8 to include or be based on actual December data because actual fuel cost data for December are not finalized until mid-January and demand allocations from the prior year (which are used to allocate the Variable Environmental & Avoided Capacity component, the DER Avoided Cost component, and the DER Incremental Cost Component in the annual fuel proceeding) are not available until mid to late January.

Second, SCE&G does not have unlimited staff and resources, and, as stated above, many of the same staff that calculate the Company's avoided costs, develop fuel cost runs and write testimony for the annual fuel proceeding are also responsible for the IRP development. Additionally, other personnel responsible for preparing the fuel testimony and exhibits are also responsible for preparing the Company's annual

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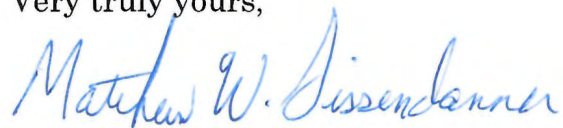
update on Demand Side Management ("DSM") programs and petition to update the DSM rate rider, which is due to be filed at the end of January each year, in addition to responding to the South Carolina Office of Regulatory Staff's audit information requests related to the annual fuel proceeding, which are typically served in December.

With these concerns in mind, the earliest date by which SCE&G could reasonably be prepared to submit direct testimony in the annual fuel proceeding would be February 8, 2019. This date is two weeks earlier than the deadline in this year's fuel proceeding and would allow more time for discovery by the parties in the fuel proceeding. Moreover, the filing of the IRP at the same time as the fuel testimony rather than 5 days after the filing of the fuel testimony (as occurred in 2018) should also serve to alleviate many of the concerns of the other parties.

Finally, whatever the schedule, it is important that the annual fuel proceeding rate adjustments continue to take place at the same time as the Company's DSM Rate Rider adjustments and Pension Rider adjustments (if necessary). If the Commission were to stagger these rate adjustments that typically occur in the first billing cycle of May, it would almost certainly lead to inefficient rate administration and increased costs and customer confusion.

Thank you again for the opportunity to comment. If you have any questions or concerns, please do not hesitate to contact us.

Very truly yours,



Matthew W. Gissendanner

MWG/kms

Enclosures

cc: Shannon Bowyer Hudson, Esquire  
(via electronic mail and U.S. First Class Mail)